Attachment 4

Status: DRAFT

ONE Joint Investment Board Policy Statement			
Policy:	Principles of Good Benchmarks	Date Approved: TBD Date of Next Review: TBD	Person Most Responsible: Chief Investment Officer

Purpose Statement

The purpose of this policy is to establish the principles governing the evaluation of benchmarks employed by the Sub-Investment Manager.

Scope

This policy applies to the Prudent Investment Offering.

Definitions

- **Money Not Required Immediately (MNRI)** means long-term money held by the Participating Municipality that is delegated to the ONE JIB to control and manage. There is no universal definition of MNRI, and it is at the discretion of each Participating Municipality to define MNRI in a way that is appropriate for their circumstances.

- **Participating Municipalities** refers to municipal investors having entered into a ONE JIB Agreement for the investment of MNRI.

- **Sub-Investment Manager** means the portfolio manager retained by ONE JIB, to provide discretionary investment management services for those assets of the Participating Municipalities that ONE JIB places with the Sub-Investment Manager from time to time, and such earnings, profits, increments and accruals thereon as may occur from time to time.

Policy

ONE JIB believes whichever type of performance objective is being measured it is vital that the objective itself is meaningful. The CFA Society has established Global Investment Performance Standards that provides guidance regarding performance benchmarks that are aligned with the beliefs of the ONE JIB. For benchmarks to be valid they need to exhibit the following characteristics

(1) Unambiguous. The identities and weights of securities or factor exposures constituting the benchmark are clearly defined.
(2) Investable. It is possible to forgo active management and simply hold the benchmark. That is, investors can effectively purchase all securities in the benchmark.
(3) Measurable. The benchmark's return is readily calculable on a reasonably frequent basis. A good benchmark will have transparent set of public rules and, therefore, predictability for investment managers.
(4) Appropriate. The benchmark is consistent with the manager's investment style or area of expertise.
(5) Reflective of current investment opinions. The manager has current investment knowledge (be it positive, negative, or neutral) of the securities or factor exposures within the benchmark.
(6) Specified in advance. The benchmark is specified prior to the start of an evaluation period and its calculation methodology is known to all interested parties.
(7) Owned. The investment manager should be aware of the strengths and weaknesses of any benchmark they are asked to replicate or be judged against. It must also accept accountability for a Participating Municipality's portfolio performance against that benchmark and be ready to explain to the Participating Municipality any variance from the benchmark.

Consideration of the benchmark should be embedded in and integral to the investment process and portfolio construction conducted by the Sub-Investment Manager.

Understanding performance can also be supplemented by secondary benchmarks or other performance proxies. Secondary benchmarks and proxies are informal or alternative metrics that help assess performance when official benchmarks are unavailable or insufficient. They can also serve as analytical tools offering perspectives that can help evaluate how manager performance has been achieved, which provides additional context on investment performance.

ONE JIB views a high-quality benchmark as:

a. free of conflicts of interest;
b. provides independent review/pricing; and
c. has a transparent methodology.

Review

This policy shall be reviewed at least once every five years.